



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

October 2, 2006

To: ALL LICENSED LIFE AND HEALTH INSURERS IN CONNECTICUT

Subject: Accidental Death and Dismemberment (AD&D) Policies and Accident Only Policies.

At this time the Department is providing its position as it relates to AD&D policies and mandated health benefits in order to eliminate any confusion which may have arisen since rescission of Bulletin HC-62.

The Department treats AD&D policies that offer indemnity benefits for death, dismemberment, or loss of use as a life insurance product pursuant to the definition in Conn. Gen. Stat. § 38a-1(13) which provides:

“Life insurance” means insurance on human lives and insurances pertaining to or connected with human life. The business of life insurance includes granting endowment benefits, granting additional benefits in the event of death by accident or accidental means, granting additional benefits in the event of the total and permanent disability of the insured, and providing optional methods of settlement of proceeds...(emphasis added)

The Department considers benefits for dismemberment or loss of use of a member to be “additional benefits in the event of total and permanent disability” within the meaning of the above statute. Therefore, AD & D policies offering these benefits on indemnity basis are considered life insurance, and are subject to Connecticut state insurance laws governing life insurance policies, but are not subject to health insurance laws, such as mandatory health insurance benefit laws.

However, when AD&D policies offer benefits beyond dismemberment and loss of use of a member, and include certain medical benefits, the Department considers such policies to be “accident only” policies and, therefore, subject to existing health insurance mandates. Generally speaking, the Department considers a filing to be a “health” filing if benefits are payable only when medical services have been provided and expense has been incurred.

The Department construes AD&D policies to be health policies (accident only) when they contain benefits for medical services. Conn. Gen. Stat. §38a-469 states in pertinent part, “As used in this title, *unless the context otherwise requires or a different meaning is specifically prescribed*, ‘health insurance’ policy means...accident only coverage...” (emphasis added). In the Department’s view, AD&D policies that offer

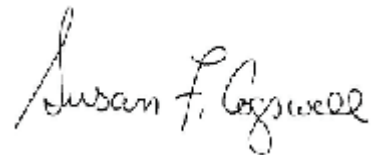
benefits for medical services provided to an insured are subject to the health insurance laws, and they do not fall within the definition of life insurance (as described earlier).

Connecticut statutes and regulations do not define “Accident” for group health insurance purposes. However, the Department believes it is reasonable and appropriate to look to Regulation 38a-505 for an understanding of the term. Regulation 38a-505-5 (D) indicates that a definition of “Accident” in an individual health policy may not be more restrictive than the following: “Injury or injuries, for which benefits are provided, means accidental bodily injuries sustained by the insured person which are the direct cause, independent of disease or bodily infirmity or any other cause and occur while the insurance is in force.” Also Regulation 38a-505-9 (G) defines “Accident only coverage” as “a policy of accident insurance which provides coverage, singly or in combination, for death, dismemberment, disability, or hospital and medical care caused by accident (emphasis added).” Consistent with how the terms “accident” and “accident only coverage” are used in the Regulation, as well as how the terms have been commonly used and understood over the years in the industry, it does not appear that mandates for coverages such as for mammography (Conn. Gen. Stat. §§38a-530, 38a-503), maternity care (Conn. Gen. Stat. §§38a-530c, 38a-503c), and infant formula (Conn. Gen. Stat. §§38a-492c, 38a-518c), to name a few, are relevant in the context of an “accident only” policy since they do not “relate” to an accident.

Therefore, to the extent that life and health companies are considering filing AD&D policies with benefits related to medical services, please be mindful that the Department will analyze them as “accident only” health policies and will require coverage for those health mandates that relate to an accident, consistent with Connecticut General Statute 38a-469, cited earlier, which specifies that accident only coverage is health insurance. This approach is consistent with the Department’s long-standing past practice.

The Department will not require coverage for any health insurance mandates that do not apply to an accident. Under Conn. Gen. Stat. 38a-816 there is a strong state interest in not having any policies or related materials be possibly misleading or possibly misrepresent the benefits provided under the policy. It may be likely to mislead or confuse the insured to include in an accident policy, mandates that do not apply to an accident situation. An insured could mistakenly believe it is a broader health policy, rather than an accident only policy.

Lastly, the Department would like to explain its position on disability income policies, which may raise similar issues. Please be advised that the Department does not require the inclusion of health mandates where the policy provides disability income coverage only. However, the Department does require that the health mandates be included where the disability policy also provides medical benefits in addition to the disability benefits [a “combination” policy].

A handwritten signature in black ink, reading "Susan F. Cogswell". The signature is fluid and cursive, with the first name "Susan" and last name "Cogswell" clearly legible.

Susan F. Cogswell
Insurance Commissioner